

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| THE NOTICE OF PURCHASED |) | |
| GAS ADJUSTMENT FILING OF |) | CASE NO. 10288-B |
| AUXIER ROAD GAS COMPANY, INC. |) | |

O R D E R

On February 24, 1989, the Commission issued its Order in Case No. 10288 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On March 2, 1989, Auxier Road Gas Company, Inc. ("Auxier Road") notified the Commission that its wholesale cost of gas was increased by its supplier, Presley Energy ("Presley"), effective March 2, 1989, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Auxier Road's notice of March 2, 1989 set out certain revisions in rates which Auxier Road proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier using an average cost of gas computed from volumes and prices of both its suppliers. In computing the increase, Auxier Road incorrectly included a portion

of its purchases from Presley at Columbia Gas of Kentucky's rate instead of Presley's rate. Based on the information filed by Auxier Road, the revisions in rates are designed to pass on the wholesale increase in price from its supplier in the amount of \$1,197 or 2.77 cents per Mcf.

(2) Auxier Road's wholesale cost of gas was increased by Presley effective March 2, 1989.

(3) KRS Chapter 278.180 requires 30-days' notice of a change in rates with the Commission having the discretion to shorten the notice period from 30 days to not less than 20 days upon showing of good cause. Reduction in rates will be made effective with the date of the supplier decrease. Increases in rates will be effective with 20-days' notice provided the company has included in its filing a specific request that a tariff sheet or some other notification from the supplier be considered a showing of good cause. In no case, however, shall the effective date be made prior to the actual effective date of the supplier. Auxier Road included no request for a showing of good cause for 20-days' notice. The effective date will, therefore, be 30 days after Auxier Road's notice, or April 1, 1989.

(4) Auxier Road's corrected adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 10288 dated February 24, 1989 is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after April 1, 1989.

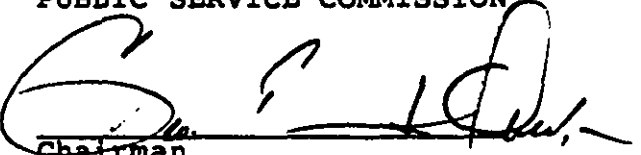
IT IS THEREFORE ORDERED that:


(1) The rates in the Appendix, attached and incorporated hereto, are fair, just, and reasonable and are approved effective with gas supplied on and after April 1, 1989.

(2) Within 30 days of the date of this Order, Auxier Road shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 14th day of March, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10288-B DATED March 14, 1989.

The following rates and charges are prescribed for the customers served by Auxier Road Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

| | | |
|----------|--------------|-------------------------|
| First | 1,000 Cu.Ft. | \$8.6277 |
| All Over | 1,000 Cu.Ft. | 7.7777 per 1,000 Cu.Ft. |

| | |
|---------------------|--------|
| <u>MINIMUM BILL</u> | \$8.63 |
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The base rate for the future application of the purchased gas adjustment clause of Auxier Road Gas Company, Inc. shall be:

| | <u>Commodity</u> |
|--------------------------------|------------------|
| Columbia Gas of Kentucky, Inc. | \$3.5608 per Mcf |
| Presley Energy | \$2.958 per Mcf |
| Average Commodity Cost | \$3.5178 per Mcf |